

A U S T I N C I T Y C O U N C I L  
**AGENDA**

Monday, September 11, 2006

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**Budget**  
**RECOMMENDATION FOR COUNCIL ACTION****ITEM No. 9**

**Subject:** Approve a resolution declaring the City of Austin's official intent to reimburse itself from the proceeds of tax-exempt obligations to be issued through October 2007 for acquisition and construction costs in an aggregate maximum principle amount of \$170,000,000 related to Fiscal Year 2006-2007 Austin Water Utility Capital Improvement Projects.

**Fiscal Note:** There is no unanticipated fiscal impact. A fiscal note is not required.

**Additional Backup Material**

(click to open)

- ☐ List of Projects
- ☐ Resolution

**For More Information:** Vickie Schubert, Deputy Chief Financial Officer,  
974-7822

A city must provide a source of budgeted funds in order to enter into a contract. For the City to spend money today, but reimburse itself from debt obligations to be issued in the future, a reimbursement resolution is required by state and federal law.

In order for the City to reimburse itself at a later date for costs currently incurred, U.S. Treasury Regulations require that the City adopts an Official Declaration of Intent to Reimburse. By this action, Council is asked to declare the City's intent to reimburse itself from the proceeds of one or more series of obligations to be sold through October 2007 for current costs related to acquisition and construction costs for Fiscal Year 2006-2007 Austin Water Utility Capital Improvement Projects. All costs to be reimbursed will be capital expenditures within the meaning of Section 1.103-18(c)(2)iii of the Treasury Regulations.

The resolution must contain certain information to protect the tax-exempt status of the future issuance. The resolution must be passed not more than 60 days after the date that the cost to be reimbursed is paid. Failure to adopt a qualified declaration of official intent will prohibit the City from reimbursing the cost with the proceeds of tax exempt obligations. Reimbursement bonds generally must be issued no later than 18 months after the later of, the date the expenditure was made, or the date that the project, with respect to which the expenditure was made, is placed in service.



**Reimbursement Resolution**  
**CITY OF AUSTIN**  
**RECOMMENDATION FOR COUNCIL ACTION**

**AGENDA ITEM NO.:**

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**WATER SYSTEM**

<b>FUND</b>	<b>DESCRIPTION</b>
3750	Water system extensions and improvements.
3760	Improvements to the Green Water Treatment Plant and construction of transmission mains and a reservoir to improve and expand water service to the northeast and southeast quadrants of the City.
3780	Improvements to the Davis Water Treatment Plant and a reservoir and water lines serving north and northwest Austin and water lines to serve north central and northwest Austin.
3790	Waterworks system rehabilitation and improvements.
3810	For construction of water lines, a reservoir and pump station to improve and expand water service to the north central, northeast and east service areas.
3820	For construction of waterlines, a reservoir and a pump station to improve and expand water service in the northwest area.
3830	For construction of waterlines and a pump station to improve and expand water service in the north central and northwest service areas.
3840	Provide for the site purchase, design and construction of mains, treatment and storage facilities for Water Treatment Plant 4.
3850	For improvements to the Ullrich Water Treatment Plant, consisting of construction of a pump station to improve and expand service to south Austin.
3860	For the construction of waterlines, expansion of pump and expand water service to the south corridor area.
3880	Flow monitoring, relocation, redevelopment, and construction of existing water system programs.
3890	Improvements to the waterworks system in the northeast area of the City.
3900	Improvements to the water system in the south and southeast areas of the city.
3910	City-wide improvements and extensions.
3950	For Safe Drinking Water Act, general utility relocation, water replacement of deteriorated facilities, water system improvements to meet minimum standards.
3960	Davis WTP Flocculation, General Utility Relocation and future projects.
3970	For waterworks improvements at the Ullrich Water Treatment Plant and Transmission Main.
3980	Acquisition of land including fee title and easements in the Barton Springs Contributing and recharge zone to provide for the conservation and to maintain the safety and quality of a part of the City's water supply.
4200	Improvements and extensions to the City's waterworks system (improve, upgrade and replace existing facilities).
4210	Making improvements and extension to the City's waterworks system, to expand and improve facilities to serve new customers.
4220	Improvements and extensions to the City's waterworks system.



**Reimbursement Resolution**  
**CITY OF AUSTIN**  
**RECOMMENDATION FOR COUNCIL ACTION**

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**WASTEWATER SYSTEM**

<b>FUND</b>	<b>DESCRIPTION</b>
4300	Sewer system extensions and improvements.
4310	Improvements to the Govalle Wastewater Treatment Plant (The main sewage treatment facility for near north and central Austin) and construction of a sewer line and improvements to a sewage pump station to serve parts of south central and north central Austin.
4320	For the Onion Creek Wastewater Treatment Plant and sewer lines for the south growth corridor.
4330	Two sewer lines to serve north central Austin inside the City limits and to provide sewer service to areas in northwest Austin.
4340	An addition to the Walnut Creek Wastewater Treatment Plant for the north growth corridor, the north central city limits and the entire Walnut Creek Basin.
4350	Sewer system rehabilitation and improvements.
4360	Sewer system rehabilitation and improvements.
4380	An addition to the Walnut Creek Wastewater Treatment Plant for the north growth corridor, the north central city limits and the entire Walnut Creek Basin.
4390	Flow monitoring, relocation, redevelopment and construction of existing wastewater system programs.
4400	Upgrading the quality of the discharge from the City's sewer treatment plants.
4410	Improvements to the sewer system in the northeast area of the City.
4420	Improvements to the sewer system in the southeast area of the City.
4430	City-wide improvements to and extensions of the City's sewer system.
4440	Improvements to the City's sewer system and the Walnut Creek Wastewater Treatment Plant.
4530	Improvements to and expansions of wastewater facilities.
4540	Construction of facilities to increase system capacity and serve new and future customers.
4550	Improvements to lift stations.
4560	To improve the quality of the discharge from the City's sewer system.
4570	Hornsby Bend Improvements, service to annexed areas, and future projects including SER reimbursements.

**RESOLUTION NO.**

**WHEREAS**, the City of Austin (the "Issuer") is a home rule city authorized to issue obligations to finance its activities, the interest on which is excludable from gross income for federal income tax purposes ("tax-exempt obligations") pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"); and

**WHEREAS**, the Issuer will make, or has made not more than 60 days before this date, expenditures in an aggregate principle amount not to exceed \$170,000,000 for the acquisition and construction of water and wastewater system capital improvements; and

**WHEREAS**, the Issuer has concluded that it does not currently desire to issue tax-exempt obligations to finance this payment; and

**WHEREAS**, the Issuer desires to reimburse itself for these expenditures from the proceeds of tax-exempt obligations to be issued subsequent to this date; and

**WHEREAS**, the Issuer reasonably expects to issue tax-exempt obligations to reimburse itself; **NOW, THEREFORE**,

**BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF AUSTIN:**

The Issuer reasonably expects to reimburse itself for all costs that have been paid during the 60 days preceding this date or that will be paid after this date from the proceeds of tax-exempt obligations to be issued at a future date for expenditures in an aggregate principle amount not to exceed \$170,000,000 for the acquisition and construction of water and wastewater system capital improvements; and

The Issuer reasonably expects that the maximum principal amount of tax-exempt obligations issued to reimburse the Issuer for the above-stated costs will not exceed \$170,000,000.

**ADOPTED:**  **, 2006** **ATTEST:**

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Shirley A. Gentry  
City Clerk